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ARIZONA CORPORATION COMMISSION

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January 18, 2007

Chairman Hatch-Miller
Commissioner Gleason
Commissioner Mayes
Commissioner Pierce

Dear Colleagues:

I am requesting your support for a Special Open Meeting to discuss issues related to natural gas. I proposed that we allocate some portion of the second day of the February 14, 2007 Regular Open Meeting for this purpose.

Among other items, I would like to hear from gas utilities on the following:

1. Natural gas supply for Arizona,
2. Service reliability, including discussion of any significant 2007 outages,
3. Anticipated natural gas prices,
4. Projected customer growth,
5. Changes in customer usage,
6. Pending and potential infrastructure construction,
7. Rate design issues, including an update on collaboration required by Commission Decision No. 68487, and
8. Matters pertaining to pipeline safety.

I look forward to hearing from Southwest Gas, UniSource and Commission Staff, as well as from other knowledgeable persons and organizations. It is my desire that major natural gas users, such as Arizona Public Service and merchant generators, also participate.

I am aware that UniSource has a pending rate case before the Commission and I do not intend for this meeting to be a part of that particular proceeding. At the same time, I see no reason to preclude UniSource from contributing to the generic discussion of natural gas issues facing our state at the Special Open Meeting. I would simply remind my colleagues that this proposed meeting does not serve as a substitute for the record taking shape in Docket No. G-04204A-06-0463.

For a number of reasons, I believe that is absolutely essential for the Commission to remain fully informed of natural gas matters. Consequently, I hope that my proposal receives your support and that we can jointly agree on how often we should have such public updates in the future. I would suggest something similar to the Commission's current practice of holding Summer Preparedness Open Meetings for electric utilities prior to the onset of the summer peak.

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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "William A. Mundell". The signature is fluid and cursive, with a large initial "W" and a stylized "M".

William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Brian McNeil
Ernest Johnson
Chris Kempley
Lyn Farmer
Robert Miller
Heather Murphy
Jeffrey Shaw
Jim Pignatelli
Bill Post
Michael Grant
Greg Patterson